

## Message Text

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ACTION XMB-04

INFO OCT-01 ARA-10 ISO-00 EB-07 COME-00 TRSE-00 OMB-01

CIAE-00 INR-07 NSAE-00 AID-05 FRB-01 INT-05 IO-10

/051 W

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R 212050Z JUL 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 5999

UNCLAS LIMA 5864

PASS DEPARTMENT OF COMMERCE FOR MAJOR EXPORT PROJECTS DIVISION

EO 11652: NA

TAGS: EGEN, BEXP, PE

SUBJ: CHIMBOTE STEEL EXPANSION

REFS: A) STATE 165856, B) LIMA 5042

1. EMBASSY AGREES, IN GENERAL, WITH EXIMBANK'S COMMENTS IN PARAGRAPH 2 OF REF A. SIDERPERU IS STILL IN THE EARLY STAGES IN THE DEVELOPMENT OF THE CHIMBOTE STEEL EXPANSION. IT WILL NEED CONSIDERABLE ASSISTANCE FROM FOREIGN CONSULTANTS AND IS ONLY JUST BEGINNING TO BECOME AWARE OF THIS REQUIREMENT.

2. NOTWITHSTANDING THE FOREGOING, THE COKE PLANT WHICH MITSUBISHI INTERNATIONAL CORPORATION, NEW YORK, WOULD LIKE TO CONSTRUCT ON A TURNKEY BASIS DOES OFFER A USEFUL OPPORTUNITY FOR PROMOTION OF U.S. EXPORTS. FIRST, MUCH OF THE OUTPUT FROM THIS COKE PLANT WILL BE USED BY SIDERPERU IN ITS PRESENT OPERATIONS. SECOND, AFTER DISCUSSIONS WITH BOTH SIDERPERU OFFICIALS AND THE LOCAL MITSUBISHI VICE PRESIDENT, WE CONCLUDE THAT CONSTRUCTION OF THE COKE PLANT AT THE PRESENT TIME MAKES BOTH GOOD ECONOMIC AND TECHNICAL SENSE. THIRD, WE ARE CONVINCED THAT SIDERPERU WILL DEFINITELY CONTRACT

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FOR CONSTRUCTION OF THIS COKE PLANT, PROBABLY WITH

3. MITSUBISHI. IF EXIMBANK FINANCING IS NOT FORTHCOMING, MITSUBISHI WILL THEN TURN TO NON-U.S. SUPPLIERS FOR THIS PROJECT. THIS WOULD RESULT IN THE LOSS OF A SALE OF APPROXIMATELY \$30 MILLION IN U.S. GOODS AND SERVICES TO PERU.

3. MITSUBISHI IS CURRENTLY CONSTRUCTING A TIN-PLATING PLANT AT CHIMBOTE ON A TURNKEY BASIS. FOREIGN GOODS AND SERVICES WERE PURCHASED FROM A CANADIAN SUBSIDIARY OF WEAN UNITED, INC. (OF WARREN, OHIO) BECAUSE EXIMBANK FINANCING WAS NOT AVAILABLE SEVERAL YEARS AGO WHEN THE ORIGINAL CONTRACTS FOR THIS PROJECT WERE SIGNED. THE EMBASSY HOPES TO AVOID A SIMILAR RESULT IN THIS CASE. THEREFORE, WE STRONGLY RECOMMEND THAT EXIMBANK GIVE FAVORABLE CONSIDERATION TO THE MITSUBISHI REQUEST FOR EXIMBANK FINANCING.  
DEAN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN INVESTMENT, STEEL PLANTS, DEVELOPMENT FINANCE  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 21 JUL 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Subject:** CHIMBOTE STEEL EXPANSION  
**TAGS:** EGEN, BEXP, PE, US, SIDERPERU, MITSUBISHI INTERNATIONAL CORP  
**To:** STATE  
**Type:** TE  
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